



September 17, 2019

Item No. 6

AUTHORIZATION TO PROCEED WITH THE APPLICATION PROCESS FOR RENAISSANCE NORTH APARTMENTS UNDER THE RENTAL ASSISTANCE DEMONSTRATION PROGRAM.

Development	Address	Alderman / Ward	Community Area
Renaissance North Apartments	551 W. North Avenue	Brian Hopkins, 2 nd Ward	Old Town

Presenters: Eric Garrett, Chief Property Officer
Jewell Walton, Deputy Chief, RAD Programming

Recommendation

The Chief Executive Officer (CEO) recommends that the Board of Commissioners of the Chicago Housing Authority (CHA) authorize CHA staff to proceed with the application process for Renaissance North Apartments under the U.S. Department of Housing and Urban Development's (HUD) Rental Assistance Demonstration (RAD) program. The RAD conversion of Renaissance North's 18 Public Housing units to Project-Based Voucher (PBV) funding will allow the property to operate under a more stable funding source and provide flexibility to the new owner to leverage private financing for property improvements.

The requested action complies in all material respects with all applicable federal, state and local laws, and Chicago Housing Authority board policies. Staff have completed all necessary due diligence to support the submission of this initiative.

Property Summary

Development Name (<i>New RAD Applications</i>)	Address	Developer / Owner	Target Population	Public Housing Units	Total Units
Renaissance North	551 W. North Avenue	Avanath Capital	Family	18	59

Background and Approach

In 2012, Congress authorized the RAD program. RAD provides an opportunity for housing authorities to utilize either project-based voucher (PBV) or project-based rental assistance (PBRA) contracts to stabilize funding for originally up to 60,000 units of public housing nationwide; over the years, the unit cap was raised to 455,000 units. A primary goal of RAD is to use long-term contracts to leverage private financing for capital improvements while preserving affordability.

Receiving a RAD portfolio award in June 2015, CHA continues to progress with transitioning more than 10,000 units to Project-Based Voucher (PBV) units under the RAD program. To date, CHA has converted more than 5,000 units to PBV subsidy. CHA plans to submit a formal RAD application to HUD for Renaissance North Apartments that will be included as part of the larger portfolio award CHA received. The property is a third-party owned mixed-finance property that was recently purchased by Avanath Capital. The property was originally financed as a Low-Income Housing Tax Credit (LIHTC) project, but it is currently outside of its initial 15-year LIHTC compliance period. Avanath is now seeking to invest in the property to modernize the building and its units, requiring no additional funds from the CHA.

Property Profile: Renaissance North

- Renaissance North is a mixed-finance property in the Near North Side community area of Chicago in the Old Town neighborhood. The property currently contains ground floor retail space with a total of 59 residential units, including 18 Public Housing units; 12 LIHTC units; and 29 market rate units.
- The property was previously owned by North Larrabee Limited Partnership and was purchased by Avanath Capital in March 2019.
- Avanath is planning to invest \$1.1 million in capital improvements to the property, including \$11,000 per unit specifically dedicated to interior unit renovations. The scope of work includes but is not limited to new kitchen and bathroom upgrades to units, new flooring, and new appliances; a more modernized security system; façade repairs and cleanup, water heater replacement, and LED lighting upgrades. Construction is scheduled to be complete before or near the end of the third quarter 2019.
- The property improvements planned and underway are being financed through a conventional third-party loan through Fannie Mae. The RAD conversion of the property's Public Housing units will occur without monetary contributions from the CHA.

Respectfully Submitted:

Eric Garrett
Chief Property Officer

RESOLUTION NO. 2019-CHA-

WHEREAS, the Board of Commissioners of the Chicago Housing Authority has reviewed the Board Letter dated September 17, 2019 requesting “Authorization to Proceed with the Application Process for Renaissance North Apartments under the Rental Assistance Demonstration Program”.

THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE CHICAGO HOUSING AUTHORITY:

THAT, the Board of Commissioners authorizes the Chief Executive Officer or his designee to proceed with the application process for Renaissance North Apartments under the Rental Assistance Demonstration Program and execute and deliver such documents and perform such actions as may be necessary or appropriate to implement the foregoing.

James L. Bebley
Acting Chief Executive Officer
Chicago Housing Authority